

FISCAL IMPACT STATEMENT ON BILL NO. **H.3154**

(Doc. No. 11086ac05.doc)

TO:	The Honorable Joe E. Brown, Chairman, House Medical, Military, Public and Municipal Affairs Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Kate Billing		
DATE:	January 31, 2005	SBD:	2005073

AUTHOR:	Representative J. Brown	PRIMARY CODE CITE:	44-20-10
SUBJECT:	Epilepsy added to the Department of Disabilities and Special Needs		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

This Bill would expand the responsibilities of the Department of Disabilities and Special Needs (DDSN) to include persons with epilepsy in the services provided by the Department.

EXPLANATION OF IMPACT:

This Bill adds a clinical definition of epilepsy which would expand DDSN service eligibility to approximately 60,000 persons. It is assumed, based on methodology used with the Mental Retardation population, that approximately one-third, or 18,000, of these new persons would require/request services.

Cost estimates were projected for those 18,000 persons with epilepsy that are estimated to have the greatest need. Currently, DDSN serves 3,061 individuals with the most severe cases of epilepsy, at an average direct service cost of \$3,777. Direct service for the additional 14,939 individuals would amount to approximately \$56,419,947 annually, if all individuals were to receive services. In establishing an epilepsy division, an administrative staff would have to be put in place. DDSN estimates that administrative costs would be \$306,613 annually. Total annual program costs would be \$56,726,559 (direct service plus administration).

In order for DDSN to draw Medicaid funds, the relationship between Epilepsy and Mental Retardation must remain in place. DDSN estimates that of the 18,000 persons with epilepsy requesting services, 85% will be eligible for Medicaid. Further, they anticipate that 50% of the services they provide as part of the Epilepsy Program will be eligible for Medicaid reimbursement, resulting in the State General fund having to bear a higher burden of the costs associated with this program than with other DDSN programs. At full implementation, the federal share of costs would equal a maximum of \$16,784,934 and the General Fund's portion of costs would equal a minimum of \$39,941,625.

DDSN estimates that full implementation would be phased in over a three year period of time, with services provided as funds are available. The following schedule shows costs and individuals served over a three-year phase-in period:

Estimate to Serve Additional Population with Epilepsy			
Year of Implementation	1st Year	2nd Year	3rd Year
Percentage of Epilepsy population being served	10%	20%	30%
Additional epilepsy population minus number already served	2,939	8,939	14,939
Cost of direct services for additional population (number x \$3,777 avg. cost)	\$11,099,687	\$33,759,817	\$56,419,947
Cost of administrative services	\$306,613	\$306,613	\$306,613
Total Cost	\$11,406,299	\$34,066,429	\$56,726,559
Maximum Federal Funds	\$3,302,157	\$1,043,545	\$16,784,934
Minimum General Funds	\$8,104,142	\$24,022,884	\$39,941,625

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Don Addy
Assistant Director, Office of State Budget